



Town Council Agenda Report

SUBJECT: Resolution

TITLE OF AGENDA ITEM:

A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA, AUTHORIZING THE TOWN OF DAVIE TO RENEW THE AGREEMENT WITH CIGNA HEALTHCARE TO PROVIDE GROUP MEDICAL INSURANCE.

REPORT IN BRIEF:

In order to maintain continuous service with the Town's current insurance provider, Cigna, and to avoid the disruption to employees, it is recommended to continue Cigna as the current insurance provider.

PREVIOUS ACTION:

The original contract was approved by Resolution R-99-370.,

CONCURRENCES:

Not applicable

FISCAL IMPACT:

Is appropriation required? no

Funding appropriated? yes Account name: Insurance

RECOMMENDATION(S): Motion to approve the resolution

Attachment(s): Resolution, Cigna HealthCare renewal information, Marsh letter
*Human Resources to provide attachment regarding rates

RESOLUTION NO. _____

A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA, AUTHORIZING THE TOWN OF DAVIE TO RENEW THE AGREEMENT WITH CIGNA HEALTHCARE TO PROVIDE GROUP MEDICAL INSURANCE.

WHEREAS, the Town of Davie entered into an agreement between the Town of Davie and Cigna HealthCare to provide group medical insurance pursuant to R-99-370; and

WHEREAS, it is in the best interest of the Town of Davie to renew this agreement from January 1, 2001 through December 31, 2001.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF DAVIE, FLORIDA.

SECTION 1. The Town of Davie is hereby authorized to renew the agreement with Cigna HealthCare to provide group medical insurance from January 1, 2001 through December 31, 2001. Renewal rate information is attached hereto as Exhibit "A".

SECTION 2. This resolution shall take effect immediately upon its passage and adoption.

PASSED AND ADOPTED THIS _____ DAY OF _____, 2000.

MAYOR/COUNCILMEMBER

ATTEST:

TOWN CLERK

APPROVED THIS _____ DAY OF _____, 2000.

Ms. Freda Gellerstein
Town of Davie
6591 Orange Drive
Davie, Florida 33314

Subject: Renewals

Dear Freda,

As we discussed, here is the summary of the renewal action for the calendar year 2001. This summary is a result of the renewal negotiations between CIGNA Healthcare, Prudential Dental and Marsh USA Inc.

CIGNA Healthcare currently insures the Town of Davie for Health insurance at an approximate cost of \$2,072,000. Prudential currently insures the Town of Davie for Dental at an approximate cost of \$225,000. CIGNA has proposed an increase to approximately \$2,534,000 or 22% for the 2001 contract year. Prudential has proposed an increase to approximately \$249,000 or an increase of approximately 10%.

After careful review, consideration and analysis of the calculations it is my opinion that the renewals are reasonable and justified. In my analysis I had taken into account all the factors surrounding the renewal (marketplace, trend, provider access, etc.) and feel that these two providers, based on the parameters used, provide the best and most cost effective option available at this time.

It is important to realize that the Town of Davie needs to establish a track record with a carrier in order to have a credible claims history going forward. Each time the Town of Davie changes carriers it makes it more difficult to evaluate the risk going forward and almost impossible to maintain a low cost and high quality benefits plan.

If you should have any questions please do not hesitate to contact me.

Sincerely,

Frank P Cascone
Assistant Vice President
Employee Benefit Services